

TENNESSEE REGULATORY AUTHORITY



Pat Miller, Chairman
Deborah Taylor Tate, Director
Sara Kyle, Director
Ron Jones, Director

RECEIVED
2004 NOV 24 AM 8:49
T.R.A. DOCKET ROOM

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 23, 2004

Mr. William C Bovender, Esq.
Hunter, Smith & Davis LLP
P. O. Box 3740
Kingsport, Tennessee 37664

Re: Petition of Appalachian Power Company for Approval of Refinancing and new Financing
not to exceed \$ 950,000,000 through December 31, 2005.
Our Docket 04-00371

Dear Mr. Bovender,

The Tennessee Regulatory Authority has received the above petition from Appalachian Power Company requesting approval of the financing activities during the next calendar year. The Advisory Staff requires additional information in order to consider this petition. Your timely response to this request will enable us to process this petition more expeditiously. Please refer in your responses to this request as Data Request No. 1 and respond by December 3, 2004 if possible. Provide answers to following questions:

1. Will any Tennessee Assets (Kingsport Power Company) be pledged as collateral for any secured debt issued? If so, what percentage of Kingsport Power Company's assets will be pledged?
2. Will any of these funds be used for plant expansion, modernization, or otherwise used for the benefit of Kingsport ratepayers? Please itemize projects and approximate amounts projected. Include retirement of debt from the current Kingsport Power Company balance sheet as one of the benefits and/or other benefits such as reduced interest expense for Kingsport Power Company ratepayers.
3. Provide the approximate value of Kingsport Power Company's long-term debt and what the restrictive amount that can not be exceeded will be.
4. Estimate what Kingsport Power Company's new long-term/short term interest expense will be compared with its current long-term/short-term interest expense.
5. Provide estimated Income Statement with the new interest expense included and estimated increase in revenues at December 31, 2005.

6. Provide current Balance Sheet and Income Statement for Kingsport Power Company and projected balance sheet after completion of the financing transactions as of December 31, 2005.
7. If all long-term debt is maintained on Appalachian Power Company's books, provide numbers allocated to Kingsport Power Company for the above questions.

Complete your responses and send five copies to:

Ms. Sharla Dillon, Docket Room Manager
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Thank you for your time and attention to this matter. If you have any further questions or comments, please contact David McClanahan at 741-2904, ext. 177.

Sincerely,



Aster Adams, Chief
Competitive Markets & Policy Division